

The complaint

Mr R complains that Loans 2 Go Limited trading as Loans 2 Go was irresponsible in its lending to him. He wants the interest and charges on the loan written off and any adverse information removed from his credit file.

What happened

Mr R was provided with a £500 loan by Loans 2 Go in October 2024. The loan term was 18 months, and Mr R was required to make monthly repayments of £97.78.

Mr R said that adequate checks weren't carried out before the loan was provided. He said his credit file showed he was struggling financially with multiple missed payments and accounts at their credit limits. He said he had debts of over £10,000 at the time he applied for the loan, and he was struggling with gambling issues. He said that had Loans 2 Go checked his bank statements it would have seen this. Mr R said the loan was unaffordable.

Loans 2 Go issued a final response to Mr R's complaint dated 25 February 2025. It said that creditworthiness and affordability checks were carried out with Mr R's declared income being validated. It said that based on its checks the loan was affordable for Mr R.

Mr R referred his complaint to this service.

Our investigator thought the checks carried out by Loans 2 Go before the loan was given were reasonable and as these suggested the loan would be affordable for Mr R, they didn't uphold this complaint.

Mr R didn't accept our investigator's view. He said that his credit file showed he was struggling financially which should have meant that further questions were asked or the loan not given.

As a resolution wasn't agreed, this complaint was passed to me, an ombudsman, to issue a decision.

My provisional conclusions

I issued a provisional decision upholding this complaint. The details are set out below.

Mr R has referred to other cases which have been upheld by this service. While I note these comments, I want to explain that I consider each case based on its individual merits. I take all relevant rules, regulations and guidance into account, but my decision is based on what I consider fair and reasonable given the unique circumstances of the complaint.

Mr R was provided with a £500 loan which required monthly repayments of around £98. While this was a relatively small loan, Loans 2 Go was still required to ensure that the loan repayments would be sustainably affordable for Mr R and that the lending wasn't irresponsible for any other reasons.

As part of the application, information was gathered about Mr R's employment, income and expenses and a credit check was carried out. Mr R said he was employed full time with a monthly income of £2,600 and Loans 2 Go carried out a verification which identified an income of around £2,021. Mr R provided details of his main expenses and after further checks Loans 2 Go calculated Mr R's expenses to be around £1,663. This gave sufficient disposable income to make the loan repayments. A credit check was also carried out.

Given the size of the loan and the repayments compared to Mr R's verified income, I think these initial checks were proportionate. However, I then need to consider whether the outcome of these checks raised any concerns that meant further questions should have been asked or the lending not given.

While the information gathered suggested the loan repayments would be affordable for Mr R, I think his credit file raised concerns. I say this because Mr R had several credit card accounts, and he was over the limit and in arrears on four of these. Mr R also had four current accounts with overdraft facilities, and he was at or over the limit on all of these. Mr R had also taken out new credit (a credit card account and a loan) within a few months of this application. So, while I note that Loans 2 Go will lend to customers who have some adverse credit history and that Mr R's credit report didn't have issues such as recent defaults, given the number of accounts that were either over their limit or had recently entered arrears, I think this should have raised concerns that Mr R was experiencing financial difficulties.

Therefore, I think that Loans 2 Go should have asked further questions or gathered further information to fully understand why, while it appeared Mr R had disposable income after his costs, he was struggling to manage his existing credit commitments and was increasing these. Had this happened, I think it more likely than not that Mr R's gambling and increasing reliance on debt would have been identified.

So, in this case, I think the credit check raised issues that suggested Mr R was in financial difficulties and that the lending shouldn't have been provided unless Loans 2 Go had been able to identify why this was and why the lending would still be appropriate. And as I think any further evidence or questions would have made it clear that Mr R was struggling, I do not think this loan should have been provided. Therefore, I intend to uphold this complaint.

I've also considered whether Loans 2 Go acted unfairly or unreasonably in some other way given what Mr R has complained about, including whether its relationship with him might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mr R in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Mr R accepted my provisional decision. Loans 2 Go said it would await the final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the

total cost of the credit.

As Mr R has accepted my provisional decision and no new information was submitted in response to the provisional decision by Loans 2 Go, my conclusions haven't changed.

For the reasons I set out in my provisional decision, while I accept the information gathered suggested the loan repayments would be affordable for Mr R, I think his credit file raised concerns. Mr R had several credit card accounts and overdraft facilities on which he was either over the limit or in arrears. Mr R had also taken out new credit within a few months of this application. I think this recent adverse credit information should have raised concerns that Mr R was experiencing financial difficulties and further questions should have been asked. Had this happened, I think it more likely than not that Mr R's gambling and increasing reliance on debt would have been identified.

Therefore, in this case I do not think that Loans 2 Go acted responsibly by providing Mr R with the loan and I am upholding this complaint.

Putting things right

As I don't think that Loans 2 Go should have provided the loan, I do not think it should be able to charge interest or charges under the credit agreement. However, as Mr R had the use of the funds, I think it right he is required to repay these. Therefore, to resolve this complaint, Loans 2 Go Limited trading as Loans 2 Go should:

- Remove all interest, fees and charges from the balance on the outstanding loan, and treat any repayments made by Mr R towards the loan as though they had been repayments of the principal loan amount of £500.
 - If that means that Mr R would have made overpayments, then it must refund these overpayments with 8% simple interest* calculated from the date the overpayments would have arisen, to the date the complaint is settled.
 - Alternatively, if there is still an outstanding balance following the account restructure, then Loans 2 Go should try to agree an affordable repayment plan with Mr R.
- Remove any adverse information recorded on Mr R's credit file in relation to this loan, once it has been repaid.

*HM Revenue & Customs requires Loans 2 Go to deduct tax from this interest. It should give Mr R a certificate showing how much tax it's deducted, if he asks for one.

My final decision

My final decision is that Loans 2 Go Limited trading as Loans 2 Go should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 November 2025.

Jane Archer
Ombudsman